

FISCAL NOTE

SB 684 - HB 792

April 2, 2007

SUMMARY OF BILL: Defines economic development as “any activity or endeavor to increase tax revenue, expand a tax base, increase employment, or promote or stimulate general economic health, when such activity or endeavor does not result in a) the transfer of land to public ownership or b) the transfer of land to a private entity that is a common carrier, such as a railroad or utility.” The definition also states that “economic development does not include the lease of property to a private entity that occupies less than 10% of floor space of such property.” The bill states that state and local government entities may not condemn private property and sell, lease, or otherwise transfer such property to a private entity and that doing so shall not constitute a public use. Any municipality would be prohibited from selling, leasing, or otherwise transferring real property acquired through eminent domain for a period of five years following acquisition.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain, there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.

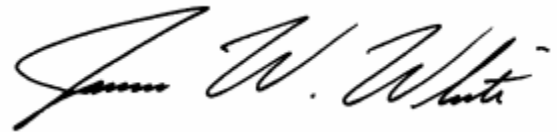
Assumptions:

- Industrial development boards and developmental housing authorities are authorized to use the power of eminent domain to take property. To date, staff has been unable to find any instance of industrial development boards utilizing this power to date.

- The use of the power of eminent domain for traditional purpose such as the construction of roads would be a permissible public use, rather than a promotion of economic development, and would therefore continue.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director